

2005

IDAHO CORPORATE HEADQUARTERS REAL PROPERTY IMPROVEMENT TAX CREDIT

FORM 81
EFO00009
10-21-05

For calendar year 2005, or fiscal year beginning	Month	Day	Year	05	ending	Month	Day	Year
Name(s) as shown on return								Social Security Number or EIN

QUALIFYING FOR THE CREDIT

For tax years beginning in 2005, the corporate headquarters real property improvement tax credit is available to taxpayers who have certified that they have met, or will meet, the following tax incentive criteria at the project site during the project period:

1. Making capital investment in new headquarters or administrative facilities of at least \$50,000,000 and
2. Increasing employment by at least 500 new employees who meet certain wage and benefit criteria. See instructions.

If you have not filed Form 89C with the Tax Commission or have been notified that you do not qualify for the corporate headquarters incentives, you do not qualify for this credit.

CREDIT AVAILABLE SUBJECT TO LIMITATION

1. Amount of investments in new headquarters or administrative facilities acquired during the tax year. Do not include any qualified investments reported on Form 80. <i>Attach a complete list of the investments qualifying for this credit.</i>	1	
2. Credit earned. Multiply line 1 by 10%.	2	
3. Pass-through share of credit from a partnership, S corporation, estate or trust	3	
4. Credit received through unitary sharing. Attach a schedule.	4	
5. Carryover from prior years' corporate headquarters real property improvement tax credit.	5	
6. Credit distributed to partners, shareholders or beneficiaries	6	
7. Credit shared with unitary affiliates	7	
8. Total credit available subject to limitations. Add lines 2 through 5 and subtract lines 6 and 7.	8	

CREDIT LIMITATIONS

9. Enter the Idaho income tax from your tax return.	9	
10. Credit for tax paid to other states	10	
11. Credit for contributions to Idaho educational entities	11	
12. Investment tax credit	12	
13. Credit for contributions to Idaho youth and rehabilitation facilities	13	
14. Credit for production equipment using post-consumer waste	14	
15. Promoter-sponsored event credit	15	
16. Credit for qualifying new employees	16	
17. Credit for Idaho research activities	17	
18. Broadband equipment investment credit	18	
19. Incentive investment tax credit	19	
20. Corporate headquarters investment tax credit	20	
21. Add lines 10 through 20.	21	
22. Tax available after other credits. Subtract line 21 from line 9.	22	
23. Credit allowable subject to limitation of tax. Enter the smaller of: a. the amount from line 8 or b. \$500,000	23	
24. Total credit allowed on current year tax return. Enter the smaller amount from lines 22 and 23 here and on Form 44, Part I, line 9.	24	

CREDIT CARRYOVER

25. Total credit available subject to limitations. Enter the amount from line 8.	25	
26. Total credit allowed on current year tax return. Enter the amount from line 24.	26	
27. Credit carryover to future years. Subtract line 26 from line 25. Enter the amount here and on Form 44, Part I, line 9.	27	

Instructions for Idaho Form 81

GENERAL INSTRUCTIONS

Form 81 is used to calculate the Idaho corporate headquarters real property improvement tax credit (CH-RPITC) earned or allowed. Each member of a unitary group of corporations that earns or is allowed the credit must complete a separate Form 81.

The CH-RPITC is first available for property placed in service during tax years beginning on or after January 1, 2005. It is allowed on buildings and structural components that do not qualify for the investment tax credit.

If you apply for, receive, or are entitled to claim any of the corporate headquarters tax incentives, you may not claim the small employer tax incentives.

Qualifying Taxpayers

To qualify for the CH-RPITC, you must certify that you will meet the tax incentive criteria at the project site during the project period. If you have not filed Form 89C with the Tax Commission, or you have been notified that you do not qualify for the corporate headquarters incentives, you may not claim this credit.

Tax Incentive Criteria

To meet the tax incentive criteria, your business must do the following at the project site, during the project period:

- Invest at least \$50,000,000 in new headquarters or administrative facilities, and
- Increase employment at the project site by at least 500 new employees.

Project Site

Project site is where headquarters or administrative facilities owned or leased by the taxpayer are located. The project site can be one or more geographic areas in Idaho, but only if 80% or more of the investment required is located at one of the areas.

Project Period

Project period is the period of time that begins at the earlier of:

- A physical change to the project site, or
- The first employment of new employees in Idaho who are related to the activities at the project site.

The project period cannot begin before January 1, 2005.

The project period ends when the facilities constituting the project are placed in service, but no later than December 31, 2009.

New Headquarters or Administrative Facilities

New headquarters or administrative facilities include property that meets either the definition of qualified investment for purposes of the ITC, or is a building or a structural component of a building.

The property must be new property. Used property does not qualify. New property is property acquired or constructed by the taxpayer whose original use begins with the taxpayer after such acquisition or construction. Original use means the first use to which the property is put, whether or not that corresponds to the use of the property by the taxpayer. Property used by the taxpayer prior to its acquisition does not qualify as new property.

A majority of the company's services must be handled either on a regional or national basis at the headquarters or administrative facilities. These services include:

- Accounts receivable and payable
- Accounting
- Data processing and information technology
- Distribution management
- Employee benefit plans and insurance
- Financial and securities accounting
- Legal, tax, and treasury functions
- Merchandising
- Personnel and payroll
- Purchasing/procurement
- Planning
- Reporting and compliance
- Other headquarters-related services

New Employees

To qualify as a new employee for the tax incentive criteria, an employee must:

- Be employed primarily at the project site by the taxpayer,
- Have wages subject to Idaho income tax withholding,
- Be covered for Idaho unemployment insurance purposes,
- Be eligible to receive employer provided coverage under a health benefit plan,
- Be employed on a regular full-time basis, and
- Earn at least \$24.04 per hour worked during the tax year, or
- Be part of a group of 500 or more employees at the project site who earn an average of at least \$28.85 per hour during the tax year. The group may not include any employee who earns less than \$15.50 or more than \$96.15 per hour during the tax year.

For this purpose, earnings include income subject to Idaho income tax withholding, but do not include stock options or restricted stock grants.

An existing employee of the taxpayer or a related taxpayer who is transferred to a new position at the project site will not qualify as a new employee, unless the transfer results in a net new job in Idaho.

Once reached, the net increase in employment at the project site must be maintained for the rest of the project period.

Qualifying Property

If you are a qualifying taxpayer, CH-RPITC is allowed on buildings and structural components of buildings. The buildings and structural components must be used as headquarters or administrative facilities at the project site and placed in service during the project period.

The buildings and structural components must be new property. Used property does not qualify for this credit.

Buildings and structural components mean buildings and structural components of buildings as defined in Federal Treasury Regulation Section 1.48-1 for Internal Revenue Code Section 48 repealed by Public Law 101-508.

Building generally means any structure enclosing a space within its walls, and usually covered by a roof, the purpose of which is to provide shelter or housing, or to provide working, office, or parking space.

Structural components include such parts of a building as walls, partitions, floors, and ceilings and any permanent coverings to these items such as paneling or tiling; windows and doors; all components of a central air conditioning or heating system; plumbing and plumbing fixtures; electric wiring and lighting fixtures; chimneys; stairs, escalators, and elevators; sprinkler systems; fire escapes; and other components relating to the operation or maintenance of a building.

Nonqualifying Property

Buildings and structural components of buildings used for manufacturing, retail, wholesaling, distribution, transportation, etc., do not qualify. If a building is used partially for a qualifying and nonqualifying activity, the amount qualifying for the CH-RPITC is the amount determined by multiplying the basis of the building or structural component by the percentage of the facility used for the qualifying activity.

Carryover Periods

Corporate headquarters RPITC that was earned but not used against tax may be carried forward for 14 tax years. For purposes of the carryover period, a short tax year counts as one tax year.

Recapture

You must compute recapture if you sell or otherwise dispose of the property or it ceases to qualify for the CH-RPITC before it has been in service for five full years.

In addition, you must compute recapture if you claimed the CH-RPITC in an earlier year and fail to meet the tax incentive criteria that you certified to on Idaho Form 89C.

If you claimed the CH-RPITC and recapture is now required, file Form 81R.

SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

CREDIT AVAILABLE SUBJECT TO LIMITATION

Line 1. Attach a list of all property you acquired during the tax year that qualifies for the CH-RPITC. The list should identify each item of property, your basis in the item and the date placed in service. Do not include any property placed in service before the date the project period began.

Line 3. Enter the amount of the CH-RPITC that is being passed through by partnerships, S corporations, estates or trusts in which you have an interest. Attach a copy of the schedule provided to you.

Line 4. If you are a member of a unitary group, enter the amount of credit you received from another member of the unitary group.

Line 5. This line is not available for tax years beginning during 2005 since you cannot earn the credit in tax years beginning prior to January 1, 2005.

Line 6. If you are a partnership, S corporation, trust or estate, enter the amount of credit that passed through to partners, shareholders, or beneficiaries.

Line 7. If you are a member of a unitary group, enter the amount of credit you earned that you elect to share with other members of your unitary group. Before you can share your credit, you must use the credit up to the allowable limitation of your tax liability.

Corporations claiming CH-RPITC must provide a calculation of the credit earned and used by each member of the combined group. The schedule must clearly identify shared credit and how you computed any credit carryovers.

CREDIT LIMITATIONS

The CH-RPITC is limited to the smaller of \$500,000 or the Idaho income tax after allowing all other tax credits that may be claimed before the CH-RPITC.

The following credits must be applied to the tax before the CH-RPITC:

1. Credit for tax paid to other states
2. Credit for contributions to Idaho educational entities
3. Investment tax credit
4. Credit for contributions to Idaho youth and rehabilitation facilities
5. Credit for production equipment using post-consumer waste
6. Promoter-sponsored event credit
7. Credit for qualifying new employees
8. Credit for Idaho research activities
9. Broadband equipment investment credit
10. Incentive investment tax credit
11. Corporate headquarters investment tax credit

Line 9. Enter the amount of your Idaho income tax. This is the computed tax before adding the permanent building fund tax or any other taxes, or subtracting any credits.

Line 10. Enter the credit for tax paid to other states as computed on Form 39R or Form 39NR. This credit is available only to individuals, estates, and trusts.

Line 11. Enter the credit for contributions to Idaho educational entities from the appropriate Idaho income tax return, or the amount from Form 55, Part III, line 6, if the credit for qualifying new employees was claimed or earned.

Line 12. Enter the investment tax credit allowed as computed on Form 49, Part II, line 8, or the amount from Form 55, Part III, line 9, if the credit for qualifying new employees was claimed or earned.

Line 13. Enter the credit for contributions to Idaho youth and rehabilitation facilities from the appropriate Idaho income tax return, or the amount from Form 55, Part III, line 13, if the credit for qualifying new employees was claimed or earned.

Line 14. Enter the credit for production equipment using post-consumer waste from the appropriate Idaho income tax return, or the amount from Form 55, Part III, line 17, if the credit for qualifying new employees was claimed or earned.

Line 15. Enter the promoter-sponsored event credit from the appropriate Idaho income tax return, or the amount from Form 55, Part III, line 21, if the credit for qualifying new employees was claimed or earned.

Line 16. Enter the allowable credit for qualifying new employees as computed on Form 55, Part III, line 26.

Line 17. Enter the credit allowed for Idaho research activities as computed on Form 67, line 30 or 34.

Line 18. Enter the amount allowed for the broadband equipment investment tax credit as computed on Form 68, line 18 or 22.

Line 19. Enter the credit allowed for the incentive investment tax credit as computed on Form 69, line 17 or 21.

Line 20. Enter the corporate headquarters investment tax credit as computed on Form 80, line 24.

Line 24. Enter the smaller amount from lines 22 and 23 on line 24. Enter this amount on Form 44, Part I, line 9 in the Credit Allowed column.

CREDIT CARRYOVER

Line 27. The amount of credit available that exceeds the total credit allowed on the current year tax return may be carried forward up to 14 tax years. Enter this amount on Form 44, Part I, line 9 in the Carryover column.